

MINUTES

**MONTANA SENATE
58th LEGISLATURE - REGULAR SESSION
COMMITTEE ON BUSINESS AND LABOR**

Call to Order: By **CHAIRMAN DALE MAHLUM**, on January 10, 2003 at 9:02 A.M., in Room 422 Capitol.

ROLL CALL

Members Present:

Sen. Dale Mahlum, Chairman (R)
Sen. Mike Sprague, Vice Chairman (R)
Sen. Sherm Anderson (R)
Sen. Vicki Cocchiarella (D)
Sen. Kelly Gebhardt (R)
Sen. Ken (Kim) Hansen (D)
Sen. Bob Keenan (R)
Sen. Sam Kitzenberg (R)
Sen. Glenn Roush (D)
Sen. Don Ryan (D)
Sen. Carolyn Squires (D)
Sen. Fred Thomas (R)

Members Excused: None.

Members Absent: None.

Staff Present: Sherrie Handel, Committee Secretary
Eddy McClure, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 51, 12/12/2002; SB 53,
12/12/2002
Executive Action: SB 125

{Tape: 1; Side: A}

HEARING ON SB 51

Sponsor: SEN. JOHN BOHLINGER, SD 7, BILLINGS

Proponents: Bob Thomas, Chairman, Board of Housing; Bob Morgan, Board of Housing; Mark Simonich, Director, Department of Commerce.

Opening Statement by Sponsor:

SEN. BOHLINGER offered the Montana Board of Housing's Annual Report (page 9) as supplemental reference material, **EXHIBIT (bus05a01)** and stated he brought forward SB 51 at the request of the Department of Commerce. It will increase the amount of notes and bonds outstanding or debt limits from the present level of \$975M to \$1.5B. He referenced page 2, line 8 of the bill. He explained that other changes seen in the bill are simply clean-up language that the Legislative Services Division had provided. He listed the reasons why it is necessary to increase bond or debt limits for the Board of Housing. The Board of Housing is projecting that its statutorily established debt limit of \$975M will be reached by 2006. Once the debt limit is reached, the board would no longer be able to issue bonds or originate mortgages. The importance of the bill is that last year, the Board of Housing originated \$132M in mortgages that allowed 1,600 Montana families to purchase homes. These new home owners contributed nearly \$24M a year in property taxes and paid nearly \$1.3M in state income taxes. The construction of these new homes created nearly 2,000 good paying jobs. He impressed upon the committee that the Board of Housing, through their loan program, is an important contributor to the growth of our state's economy. He explained the state's financial exposure if the debt limit is increased from \$975M to \$1.5B. All of the mortgages financed by the sale of the Board of Housing bonds are insured by the federal government through the FHA, the RD or the VA. The Board of Housing bonds are not general obligation bonds of the state of Montana; therefore, the state has no legal obligation for the bonds that are issued by the Board of Housing. SEN. BOHLINGER went on to talk about the safety of the bonds. They are rated AA+ by Standard and Poore's and AA2 by Moody's. The board manages debt by only selling bonds if there is a demand for mortgages. Since the issuance of bonds is offset by mortgage receivables or cash as people service debt on the mortgages, there are no expenditures recorded. He shared that the Board of Housing is funded via a non-budgeted enterprise path. SEN. BOHLINGER emphasized that increasing the Board of Housing's limit is appropriate considering the long-term housing needs in our state. If the board limit is not increased, we run the risk that our debt limit will be reached while the legislation is not in

session. As a consequence, the Board of Housing would be out of business.

Proponents' Testimony:

Bob Thomas, Chairman, Board of Housing, shared that the Board of Housing originated in 1975 and they did their first bond issue in 1977. Since then, they have done over \$2B in bonds that have put 36K families into homes. **Mr. Thomas** went on to share stories of some of the people who have been put into homes by the Board of Housing.

Mark Simonich, Director, Department of Commerce, stated that the Board of Housing is attached to the Department of Commerce for administrative purposes only. He said that the Department of Commerce and the Martz administration fully support this piece of legislation and went on to address the previously discussed issue of the Board of Housing competing with banks. **Mr. Simonich** emphatically denied that belief. He said the board works with brokers who sell the bonds issued by the board. They work with realtors throughout the state that match the home buyers with the Board of Housing financing, and they work with the home builders, developers and contractors. In the non-profit area, the board has partnership arrangements with the neighborhood housing services, the Western Montana Mental Health Center, the Human Resource Councils, Glacier Foundation, Habitat for Humanity, and a number of other non-profit organizations. At the federal government level, the board works with HUD along with the previously mentioned agencies. He continued on to say that the board has worked in partnership with counties throughout the state. The areas serviced are statewide. They have worked with 280 different bank and lending institutions and have provided loans in every county in the state.

Informational Witnesses:

Bob Morgan, Board of Housing

Questions from Committee Members and Responses:

SEN. SPRAGUE asked **Bob Morgan, Board of Housing**, if the committee should be concerned that it was 1 in 10 or 1 in 4 and if that's a good or bad sign. Are the banks depending on the Board of Housing for guaranteed loans that otherwise could have risk? **Mr. Morgan** answered that it depends on whatever you determine to be good or bad and that more and more Montanans are low to moderate income people and the cost of housing keeps escalating making it tougher for people to get into homes. **SEN. SPRAGUE** questioned **Mr. Morgan** about the annual rate of interest the Board of Housing

earns on the money to which **Mr. Morgan** replied that their current mortgage rate is 5.65 percent. The bond cost is slightly over 5 percent. With the spread, they pay the banks the fees for originating the loans, servicing the loans, funding of the board's operations and paying for the underwriting of the loans. **Mr. Morgan** stated that there is a reserve with each bond issued in case of defaults. As they redo the bond issues, as they pay off, any savings roll into the next bond issue, which allows the board to lower the interest rate for the next bond issue.

Closing by Sponsor:

SEN. BOHLINGER thanked the committee for the opportunity to bring the bill forward. He reiterated that the bill has the governor's full support and that it is a proposal that would provide the mechanism for low and moderate income families to own their own homes. Last year, there were 1,600 Montanans who became home owners and \$132M was provided for these people to live out the American dream. He expressed optimism that the committee would find this a worthwhile proposal and would continue the Board of Housing's efforts by increasing the debit limit.

HEARING ON SB 53

Sponsor: SENATOR DAN HARRINGTON, SD 19, Butte

Proponents: Darrell Holzer, Montana State AFL-CIO; Gene Fenderson, Progressive Labor Caucus; Terry Minow, MEA/MFT; Don Judge, Teamsters Local 190; Betty Whiting, Montana Association of Churches; Bob Holmes, citizen and consumer; Mary Caferro, WEEL (Working for Equality and Economic Liberation); Judy Smith, WORD (Women Opportunity and Resource Development).

Opponents: Brad Griffin, Montana Retail and Restaurant Owners; Amy Sullivan, Montana Tourism Coalition; Webb Brown, Montana Chamber of Commerce; Riley Johnson, NFIB (National Federation of Independent Businesses); Charles Brooks, Billings Area Chamber of Commerce; Gary Dupuis, Polson Theaters; and Daniel R. Erving, Daniel R. Erving Agency representing the Montana Association of Theatre Owners and the Montana Chapter of Video Software Dealers Association.

Informational Witnesses: David Gibson, Governor's office; Jerry Keck, Department of Labor and Industry; John Andrew, Bureau Chief, Department of Labor and Industry Employment Relations Division, Labor Standards Bureau.

Opening Statement by Sponsor:

SEN. HARRINGTON stated that he brings before the committee SB 53 which is an increase in the minimum wage, **EXHIBIT (bus05a02)**. He said it is so important, because it recognizes the lowest-paid group in the state of Montana and that Montana is 50th in the United States or 51st if you take into account the District of Columbia as far as basic income. It has been six years since the minimum wage was passed in 1997. **SEN. HARRINGTON** shared that he passed the last minimum wage act in 1991, and it was coupled with the federal minimum wage. Since 1997, minimum wage earners have had no increase. He emphasized it is not all teenagers working part time jobs who are impacted by this bill and that an increase in the minimum wage would stimulate the economy of Montana, which has the highest rate of multiple job holders. He cited single mothers with families as being a prime example and that 10.2 percent of Montanans work multiple jobs in order to get by. He shared with the committee that 5,000 people in Montana earn less than \$5.15; 8,000 earn \$5.15; 13,000 earn from \$5.16 to \$5.64; 16,000 earn \$6.15 to \$6.64; and 20,000 earn \$6.65 to \$7.14 according to the Department of Labor, **EXHIBIT (bus05a03)**. **SEN. HARRINGTON** stated that a single earner with four children would need \$9.02 per hour without childcare costs to earn basic necessities.

{Tape: 1; Side: B} was not used.

{Tape: 2; Side: A}

SEN. HARRINGTON continued on to share that 97,000 people in Montana make below what we classify as a living wage and about 59,000 more people are below that living wage level. He pointed out that there is no evidence of teenagers or less-than-high-school-educated adults losing work in the last increase in the minimum wage. Nationally, most minimum wage workers are adults aged 20 years and up with women and minority workers over represented in the minimum wage work force. He added that 48 percent of those making minimum wage are full-time workers. In 1999, 52,237 Montanans were within one dollar of the federal minimum wage, the highest percentage in the 13 western states. In 1998, the *Congressional Quarterly Fact Finder* stated 17 percent of Montana's population live in poverty. He said that those who receive an increase in minimum wage will contribute to the economy by going out and spending more money. In 1948, Montanans were tenth in the nation in income and have now moved down to 50th. **SEN. HARRINGTON** closed by stating that the people out there making minimum wage deserve the increase and it will be good for Montana's economy.

Proponents' Testimony:

Darrell Holzer, Montana State AFL-CIO, shared his written testimony, **EXHIBIT (bus05a04)**. He offered their strong support for SB 53. **Mr. Holzer** emphasized that statistics prove a raise in the minimum wage does not hurt the economy; it actually helps it by giving those wage earners more expendable income. He questioned why business owners would not want minimum wage employees to have more expendable income. He said the other real issue in Montana and something his organization runs is the federally funded dislocated employees office in Helena. It is a very busy operation and is getting busier, which saddens him. At the present time, the funding for their work is being cut by the Bush administration. He shared information about a community in the northwestern part of the state that has been hit hard by the loss of their major employer. **Mr. Holzer's** hypothetical situation was of a husband who works at the local mill and makes a good living. Because of that, the family has the latitude to make a conscious determination that Mom would stay home and be a full-time Mom. But, Dad no longer has a job. There are options for Dad in terms of retraining through federally funded programs and trying to get him into a different sector of the job market. In the interim, the family income is gone. Mom is a bright lady, a good Mom. But she has really never been out in the workforce and has limited job skills. That Mom may very well be forced to take a minimum wage job to sustain the family over that transitional period of time. **Mr. Holzer** expressed his belief that no one in the room would believe it possible to do so at \$5.15 per hour. The other downside could very well be that Dad is off being retrained. Mom is out working to get the family whole during that transition period. There is no opportunity there to afford any kind of adequate childcare. Those children then end up at home alone, which is not a decision that any family wants to make. He emphasized that it has been a long time since the minimum wage has raised and that this bill is a hand up, not a handout. **Mr. Holzer** asked the committee to remember that fifty percent of minimum wage earners are adults and encouraged favorable consideration of the bill.

Gene Fenderson, Progressive Labor Caucus, came forward as a proponent of the bill put forward by **SEN. HARRINGTON** and discussed how much the raise in minimum wage would actually impact an employer in order to put it in perspective. He, too, encouraged a favorable vote.

Terry Minow, MEA/MFT, rose in strong support of SB 53 because it will help children and the working poor. She said that MEA/MFT represents many different kinds of employees including classified school district and Head Start employees. These are the kind of

low-wage earners who would be most likely affected by this kind of bill. She reiterated that it has been six years since the minimum wage was increased and shared that it is obvious the buying power of minimum wage has decreased. She pointed out that about half of minimum wage employees work less than 40 hours per week. Classified school district and Head Start employees generally do not work 40 hours per week, and many of them work two jobs in order to make ends meet. She discussed the problems minimum wage earners have in obtaining adequate housing, food and clothing for their families. A family under financial stress is less able to meet the physical and emotional needs of its children. Children under stress come to school with a handicap and with problems that make it difficult to learn and succeed. That's a problem not just for those children, not just for that family, not just for that teacher, and not just for that school. It is a problem for all of our society. She stressed that this bill is important to children and the working poor of Montana and urged that the committee give it a do pass recommendation.

Don Judge, Teamsters Local 190, stated his support of SB 53 and concurred with the previous statements of the sponsor and the proponents. He said it is not unusual for states to have a minimum wage that exceeds federal rates; eleven states and the District of Columbia currently have a minimum wage that does so. Sixteen states have increased the minimum wage since 1997 through either referendum or legislation. A vast majority of Americans support an increase in the minimum wage. A recent poll done nationally found that 77 percent of likely voters supported raising the minimum wage from \$5.15 per hour to \$8 per hour. **Mr. Judge** explained that if you go back in history, polls done for *Business Daily* and *Christian Science Monitor* found that 75 percent of those surveyed supported a raise of the minimum wage to stimulate the economy. A 2001 poll done for the Gallup organization, CNN and *USA Today* found that 81 percent of the respondents supported raising the minimum wage. He cited further polls that supported a rate hike. **Mr. Judge** shared that we fall short of what the minimum wage would be if it were relative to what was paid in 1968. That current wage would be \$7.08 per hour and we obviously fall far short of the figure. A 2001 survey done by the U.S. Conference of Mayors found that 37 percent of adults seeking emergency food aid were employed. Officials in 63 percent of the cities found that low-paying jobs were the cause of hunger in those cities. The National Low Income Housing Coalition 2001 poll reported that the national median housing wage for a two-bedroom unit at the fair market rate \$13.87 per hour. He asked for a do pass recommendation.

Betty Whiting, Montana Association of Churches, encouraged the committee's support of the bill and stated her organization is a

consistent voice of policies and efforts to advance economic justice where all people have the opportunity for meaningful and useful work as well as just wages and benefits. Further, all people have a responsibility toward their family, the broader society and creation. She stated that SB 53 will help the working poor meet their responsibilities and encouraged the committee to pass the bill.

Bob Holmes, citizen and consumer, stated he would simply like to make a point. He said it is sometimes argued by those who oppose this kind of legislation that the passage of this bill would mean increasing the cost of providing goods and services and decrease profits. With that reasoning, it would also be true that if it were possible to pay even less to workers, the cost of goods and services would be decreased and profits would increase. No one is interested in doing that.

{Tape: 2; Side: B}

Mr. Holmes said there is nothing to be gained by conducting a business that does not provide a fair wage to its workers. He reiterated previous statements in support of the bill and urged the committee to vote in favor of the bill.

Mary Caferro, WEEL (Working for Equality and Economic Liberation), said she represents this organization of low-income families who work on issues that are important to them and asked the committee to support SB 53, because they see it as a solution to the revenue crisis in which Montana finds itself. If families earn more, there is less demand on services; and it sparks the economy due to more money circulating. At a time when the safety net has been pulled out from low-income families, SB 53 offers hope. A full-time minimum wage earner currently makes \$880 per month. Forty percent are the sole breadwinners and adult women are the single largest group of these minimum wage earners. Montana has the third highest child poverty rate in the nation. SB 53 is even more essential now due to the budget cuts to services. People cannot access the work supports available before the cuts. For example, state childcare assistance has a waiting list that has not moved since August. What this means for a family earning minimum wage is that they earn \$41.20 per day and, in some places, they pay \$40 per day for childcare. She spoke of her experience with minimum wage earners when she was a 24-hour per day childcare provider. She found that this is a group that have no job security; they usually don't have benefits; and they have extremely low wages. When their children were sick, they could not take time off to be with their children. She stated that these people deserve a raise and that

their work should be valued. She asked that the committee support SB 53.

Judy Smith, WORD (Women Opportunity and Resource Development), testified that her organization does several things that would be impacted by this bill, which include building affordable housing, advocate for the very families that would benefit from this bill, and provide family resource centers. They see thousands of families in this situation. She commented in a general way as a philosophy that if you believe employment should be a way out of poverty, you need to look at this bill. **Ms. Smith** said she was on the Governor's Welfare Task Force several years ago and that was the philosophy they embraced. The evaluation report that came out last year about the welfare program, unfortunately, showed us that the employment we have in Montana that folks moving out of welfare can get does not get them out of poverty. She impressed upon the committee that we have absolutely failed in that philosophy. She closed by saying if we believe in their philosophy, then this bill is a strategy we have to use. She expressed how important she feels it is to put these blocks in place. Simply telling people to go and get a job isn't a way that people are going to get out of poverty, particularly women with their kids. She emphasized that this bill needs to pass.

Opponents' Testimony:

Brad Griffin, Montana Retail and Restaurant Owners, said there are dueling statistics on this issue. He provided his testimony in writing and supporting document from the Employment Policies Institute, **EXHIBIT (bus05a05)**.

Amy Sullivan, Montana Tourism Coalition, said she is here today to talk about a bigger picture. In a lot of the research done in the tourism industry, a raise in minimum wage is not needed; rather, we need to attract businesses that can afford to pay higher wages. We also need to show businesses that we have a trained workforce here in Montana, but we are losing the trained workforce.

Webb Brown, Montana Chamber of Commerce, rose in opposition. He said the market is the appropriate measure of guiding the wage level. We have seen over the past several years a significant increase in that wage level. The November, 2002 Department of Labor and Industry Wage Report showed the average weekly earnings in the state of Montana increased 4.1 percent over the previous years, almost double the 2.2 percent rate of inflation. He expressed his belief that the increase in wages comes out of the pocket of the small businessman. He believes that increasing wage levels should not be by government mandate but by an

increase in education, training, and experience. He commented on the potential for students dropping out of high school due to the minimum wage increase. The kids would be attracted by that higher wage. He hoped that we could continue to use the market as the driving factor in wage determination rather than government mandate and urged a vote against the bill.

Riley Johnson, NFIB (National Federation of Independent Businesses), spoke of the size of the businesses he represents and rose in opposition to the bill. He also spoke of the market being the way to set the prevailing wage. Eight percent of his members pay less than minimum wage. Some of them pay minimum wage for a trial period of up to six months, but they are paying more due to the market and in order to get the employees.

Charles Brooks, Billings Area Chamber of Commerce, informed some of the newer members that he is a retired retailer with more than 25 years of experience, who has wrestled with this issue of minimum wage. He is a very strong proponent of the free market and his Chamber has issued a policy statement that states, "Successful business is a joint effort among ownership, management and labor, without prejudice. To be successful, a working relationship must be developed and encouraged. This would include a safe, drug- and alcohol-free working environment. Free market forces play a strong role in establishing and maintaining a positive employer and employee relationship. We believe in the ability of market forces to set wages and benefit levels. We oppose mandated increases in minimum wage level in the creation of a liveable wage." He closed by saying that the way to raise people from poverty is training and education.

Written testimony was submitted by **Gary Dupuis, Polson Theaters, EXHIBIT (bus05a06)**, and **Daniel R. Erving, Daniel R. Erving Agency representing the Montana Association of Theatre Owners and the Montana Chapter of Video Software Dealers Association, EXHIBIT (bus05a07)**.

Questions from Committee Members and Responses:

SEN. GEBHARDT asked **SEN. HARRINGTON** about Line 25 of the front page of his bill which speaks of a bonafide health care plan and asked for the definition of "bonafide." **SEN. HARRINGTON** replied it is one that is recognized that it provides benefits to the employees. **SEN. GEBHARDT** expressed a problem with that answer. **SEN. HARRINGTON** said that providing a health plan is a bonafide plan. In answer, **SEN. GEBHARDT** asked if there is a standard set up and **SEN. HARRINGTON** said if an employer provided a plan, then that would be the bonafide plan.

SEN. MAHLUM referred the question to **Mr. Holzer**, who answered that the term "bonafide" is defined in several different sections of Montana Code Annotated, but primarily in issues with which he was familiar, the Employment Retirement and Insurance Act gives a good definition and is one benchmark or as determined by the Insurance Commissioner as well.

{Tape: 3; Side: A}

SEN. HANSEN asked **Mr. Griffin** how tax on tips is determined. **Mr. Griffin** explained that 100 percent of tips are included and that the eight percent notion is a myth. He added that the IRS just took a restaurant to the Supreme Court. The Supreme Court ruled on the San Francisco restaurant case wherein the owner was held liable for unpaid tax on those tips that were not declared by its servers.

SEN. RYAN asked for clarification of how those tips are tracked. **Mr. Griffin** reported that one of the IRS methods is that they look at the restaurant's credit card receipts and then extrapolate from there. **SEN. RYAN** spoke of a hypothetical situation where a server is tipped less than 15 percent and yet has to pay taxes on 15 percent per IRS laws. **Mr. Griffin** said he doesn't think that happens very often and that **SEN. RYAN** was talking about a cheapskate who just decides to stiff the waitress for no tip at all.

SEN. SQUIRES asked **CHAIRMAN MAHLUM** to call **Ms. Caferro** to respond to the situation. **Ms. Caferro** explained that she used to waitress, and this is not the most important issue because the discussion at hand is an increase in minimum wage and not how much servers make in tips. Everything that she served, she clocked into a computer. It does not always work in favor of the server. She stressed that the discussion had gotten totally off of the subject and asked what is the percentage of servers in relationship to all minimum wage earners. People who make minimum wage have expanded from servers in restaurants. **SEN. SQUIRES** asked **Ms. Caferro** to answer **SEN. RYAN'S** question.

SEN. RYAN asked **Mr. Griffin** about his previous statement that waitress jobs are great jobs and that they don't pick up their minimum wage checks for two to three months. **SEN. RYAN** said it is a real misrepresentation to those people who are working those jobs at miserable hours and that the work is really hard. **SEN. RYAN** questioned **Mr. Griffin** about his comments that we can all earn more by living elsewhere. He asked about the people who are unable to afford to relocate. People living on minimum wage jobs can't afford to pack up and move. He asked **Mr. Griffin** if he

still feels that those people have this opportunity. **Mr. Griffin** said most people have access to a car; they can get in their car and drive to another state or bigger city. He believes that we all could make more money living in other states doing what we do, whatever the profession. **SEN. RYAN** questioned **Mr. Griffin** about his previous comment that most minimum wage earners are subsidized because they live with their parents and expressed his feeling that most people would like to be able to make enough money to live on their own.

SEN. SPRAGUE asked **Mr. Webb** about his statement that most businesses are paying above minimum wage because of the demand. He requested information on the competitive wage for that caliber of employee, such as Wal-Mart and Costco. **Mr. Griffin** replied that he does not know the wage levels and referred the question to **SEN. HARRINGTON's** previously listed wage rates.

SEN. SPRAGUE addressed the sponsor regarding education and asked him about the role that education plays in the minimum wage area and if that minimum wage earner is directly tied to education.

SEN. HARRINGTON discussed the cost of education and how hard it is to get an education due to those high costs. He shared that many of the students he has taught were limited not only by lack of finances but they also don't have the ability necessary to go forward. Many of them can be trained in other areas, but those options are not there anymore. He said his wife is a catering manager at a hotel in Butte and she has some wonderful people there. **SEN. HARRINGTON** agreed that students need to be trained and that's one of the things the legislature tries to do by working on programs that benefit those people. **SEN. SPRAGUE** stated, that as a former educator and now a businessman who hires people, employers educate their employees.

SEN. KEENAN questioned **SEN. HARRINGTON** about the minimum wage in Wyoming, and he responded that it is \$5.15 per hour. **SEN. KEENAN** followed up by asking the sponsor if the higher minimum wages in other western states were attractive to him. **SEN. HARRINGTON** replied that it was a lot better than what we are doing in this state. He said 10 or 20 cents more is better, but he did not introduce the bill to make it attractive. He introduced it to help people. **SEN. KEENAN** observed that he looks at the economies and minimum wages of California, Oregon, and Washington, and wonders if there is any validity to that. If raising the minimum wage is going to do what the testimony heard says it will do, why don't we go to \$12.50 per hour? **SEN. HARRINGTON** stated that it's going to be hard to pass what we have here. He said he thinks the economy would benefit from paying people a living wage. He discussed a trip he took to Washington, D.C., where he observed

groups of homeless people gathered near the capitol. They are paid a living wage and are still homeless.

SEN. KEENAN then spoke of waitresses, the tips they make and the liability for claiming them.

SEN. KEENAN asked **SEN. HARRINGTON** if he knew why Kansas would have a \$2.65 minimum wage. **SEN. HARRINGTON** tied it to the interstate commerce issue where many of those companies have to pay the federal minimum wage. **SEN. KEENAN** inquired if **SEN. HARRINGTON** knew the minimum wage in Glacier Park, which he did not know.

{Tape: 3; Side: B}

SEN. THOMAS asked **Mr. Gibson** what the state's job growth has been to which he replied approximately 9,000 jobs. **SEN. THOMAS** inquired in which sectors those jobs are classified and are they all minimum wage jobs? **Mr. Gibson** did not have his statistics in front of him. Ten or 15 percent of the jobs are in the manufacturing sector.

SEN. THOMAS addressed **Mr. Keck** regarding labor statistics and minimum wage to which **Mr. Keck** offered to get the information from his Research and Analysis Department.

SEN. THOMAS discussed this bill moving around pieces of a pie and nothing more. **SEN. HARRINGTON** replied that **SEN. THOMAS'** philosophy worked at one time; however, when you lose thousands of jobs at a time, it no longer is applicable. Because of many different economic reasons, the days of people being laid off and getting another good-paying job are gone.

SEN. ANDERSON directed a question to **Mr. Keck** that when the labor statistics are being gathered, would he take the scenario of raising the bar (minimum wage) and decide what impact that would have on our statistic of being 50th in the nation for per capita income. **Mr. Keck** clarified that the Research and Analysis Department is in the Workforce Development Division, but he would be glad to carry the question to them.

SEN. ROUSH asked **Mr. Keck** if there is any breakdown of people that are working part-time or full-time at the \$5.15 level and by age level. He said that in rural Montana, kids are working at local McDonald's and other fast food restaurants. He also asked if there are any programs that start people at the minimum wage and work them up from there.

SEN. SQUIRES asked **John Andrew, Montana State Labor Division Bureau Chief**, about other fields of work that pay minimum wage other than the much-discussed restaurant business. He replied that Montana does tie its minimum wage to the Federal Fair Labor Standards Act, which applies to retail and service establishments who do over \$500K in gross annual sales in a year. The federal law also applies to businesses engaged in interstate commerce as well as individual employees engaged in interstate commerce. The state of Montana has a minimum wage allotted that says we tie to that federal law, but we have a special provision that says a business engaged in retail or service which is grossing less than \$110K in sales can avail itself of a minimum wage that is \$4 per hour. **Mr. Andrew** did not have the information about how many businesses and/or employees fall into those categories in this state and referred back to **Mr. Keck** and the Research and Analysis Department. **SEN. SQUIRES** requested that **Mr. Andrew** be allowed to come back during the informational portion of Executive Action. She also addressed the issue of people who are not included in any surveys on the unemployment rate and minimum wage due to their having exhausted their unemployment benefits. There is no way to track those individuals.

SEN. KEENAN asked **Mr. Griffin** about the 1996 failed ballot measure to raise the minimum wage. **SEN. KEENAN** again asked about the minimum wage in the boundaries of Glacier National Park. **Mr. Griffin** replied that it is \$2.65 per hour for tipped employees.

SEN. KEENAN said he is concerned about stereotypical minimum wage recipients. What concerned him is that there are a number of private non-profits in the state of Montana that have employment programs for the disabled, people with mental illnesses or people with developmental disabilities. Finding those people employment opportunities for their self esteem, while considering their Social Security Disability Insurance and limits on how much they can make concerns **SEN. KEENAN** if the minimum wage is raised. To put some money in their pocket, to help them feel better about themselves, to fill their day with something other than treatment centers and things like that could be hurt with the passage of this bill. **SEN. HARRINGTON** felt it is a wonderful thing for those people to have this opportunity of a higher wage and would hope that if the minimum wage is increased, they will be able to keep their jobs. He emphasized for **SEN. KEENAN** previously stated statistics that show a raise in the minimum wage does not hurt employment.

SEN. SQUIRES commented to **SEN. KEENAN** that there is a bill in the house to eliminate the minimum wage for the developmentally disabled. **SEN. KEENAN** asked if it included the mentally ill and others, which she did not believe was included. **SEN. KEENAN'S**

closing comment was that he believes we ought to consider a friendly amendment and go to \$12.50 an hour and solve all of our economic problems.

Closing by Sponsor:

SEN. HARRINGTON closed by saying that Montana has always been a progressive state in looking at items such as this. He expressed hope the committee would look kindly on the bill and thinks there is good reason to do it. Not all minimum wage earners are teenagers; there are single Moms, single Dads who have to live within those means and asked for a do pass.

{Tape: 4; Side: A}

EXECUTIVE ACTION ON SB 125

SEN. SQUIRES moved **DO PASS AS AMENDED EXHIBIT (bus05a08)**. The Do Pass motion for SB 125 **CARRIED UNANIMOUSLY**.

ADJOURNMENT

Adjournment: 11:55 A.M.

SEN. DALE MAHLUM, Chairman

SHERRIE HANDEL, Secretary

DM/SH

EXHIBIT (bus05aad)